

**METZ LEWIS BRODMAN MUST O'KEEFE LLC**

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APR 20 2012  
FBI - PITTSBURGH

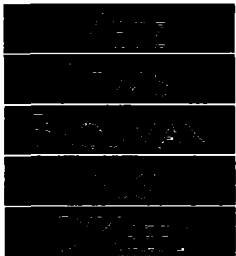
April 19, 2012

VIA FEDERAL EXPRESS

RECORDATION NO. 29551-A FILED

APR 23 '12 -2 25 PM

**SURFACE TRANSPORTATION BOARD**



ATTORNEYS AT LAW  
DAWN K. SWEENEY  
PARALEGAL

Section Chief  
Surface Transportation Board  
Office of Proceedings  
395 E Street, SW  
Washington, DC 20024

Re: First Amendment to Security Agreement by and among Kasgro Rail Corp.,  
Kasgro Leasing, LLC and First National Bank of Pennsylvania

Dear Section Chief:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two certified copies of the First Amendment to Security Agreement, a secondary document, effective as of December 19, 2011 by and among Kasgro Rail Corp. and Kasgro Leasing, LLC, each a Debtor and collectively the Debtors, and First National Bank of Pennsylvania, Secured Party.

The First Amendment to Security Agreement grants to Secured Party a security interest in, among other things, all of the Debtors' railcars described on Exhibit "A" to the Security Agreement. Included in the property covered by the aforesaid First Amendment to Security Agreement are railroad cars and other rolling stock intended for use related to interstate commerce, owned by the Debtors at the date of the First Amendment to Security Agreement or thereafter acquired by the Debtors.

The names and addresses of the parties to the First Amendment to Security Agreement are:

Secured Party:	First National Bank of Pennsylvania c/o FNB Business Credit 12 Federal Street, Suite 503 Pittsburgh, PA 15212
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Debtors:	Kasgro Rail Corp. Kasgro Leasing, LLC 121 Rundle Road New Castle, PA 16102
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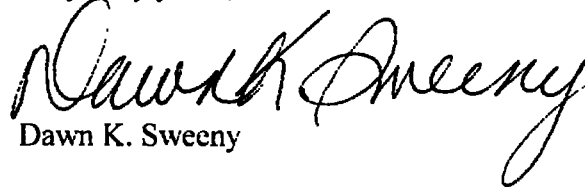
A short summary of the document to appear in the Index is:

First Amendment to Security Agreement, a secondary document, effective as of December 19, 2011 by and among Kasgro Rail Corp. and Kasgro Leasing, LLC, each a Debtor and collectively the Debtors and First National Bank of Pennsylvania, Secured Party covering, among other things, all of the Debtors' railcars described on Exhibit "A" to the First Amendment to Security Agreement. Included in the property covered by the aforesaid First Amendment to Security Agreement are railroad cars and other rolling stock intended for use related to interstate commerce, owned by the Debtors at the date of the First Amendment to Security Agreement or thereafter acquired by the Debtors.

A check in the amount of \$41.00 has been enclosed to provide for the recordation fee. Upon recording and indexing, please return a stamped copy of the recorded First Amendment to Security Agreement to me in the enclosed self addressed stamped envelope at your earliest opportunity.

Please do not hesitate to contact me if you have any questions or need anything further to record the First Amendment to Security Agreement.

Very truly yours,



Dawn K. Sweeney

/dks

Enclosure

cc: Brian Golias, Esq.

APR 23 '12 -2 25 PM

**FIRST AMENDMENT TO SECURITY AGREEMENT****SURFACE TRANSPORTATION BOARD**

THIS FIRST AMENDMENT TO SECURITY AGREEMENT (this "First Amendment to Security Agreement"). is made effective as of December 1, 2011, by and among KASGRO RAIL CORP., a Pennsylvania corporation ("Kasgro Rail"), and KASGRO LEASING LLC, a Pennsylvania limited liability company (each a "Debtor" and collectively, the "Debtors"), and FIRST NATIONAL BANK OF PENNSYLVANIA (the "Secured Party").

**BACKGROUND**

A. The Debtors and the Secured Party are parties to that certain Credit Agreement dated November 23, 2010, as amended by that certain First Amendment to Credit Agreement dated August 15, 2011 between the Debtors and the Secured Party, as further amended by that certain Second Amendment to Credit Agreement dated October 26, 2011 between the Debtors and the Secured Party (as amended, and as the same may hereafter be amended, modified or supplemented from time to time, including as amended by the Third Amendment to Credit Agreement (as hereinafter defined), the "Credit Agreement"), pursuant to which the Secured Party has made certain revolving credit and term loan financing available to the Debtors.

B. As security for the prompt and full payment and performance of, *inter alia*, the indebtedness and obligations of the Debtors under the Credit Agreement and the other Loan Documents, the Debtors and the Secured Party entered into that certain Security Agreement dated as of November 23, 2010 (the "Security Agreement") pursuant to which the Debtors granted the Secured Party a first priority lien on and security interest in all of the Debtors' assets and properties.

C. The Debtors have requested that the Secured Party enter into a Third Amendment to Credit Agreement of even date herewith (the "Third Amendment to Credit Agreement") pursuant to which the Secured Party will make an additional term loan to the Debtors under the Credit Agreement in the amount of \$1,403,200.00.

D. The Secured Party is not willing to enter into the Third Amendment to Credit Agreement unless the Debtors enter into this First Amendment to Security Agreement.

E. As an inducement for the Secured Party to enter into the Third Amendment to Credit Agreement, and as a condition thereto, the Debtors have agreed to enter into this First Amendment to Security Agreement.

NOW, THEREFORE, intending to be legally bound hereby, the Debtors and the Secured Party covenant and agree as follows:

**SECTION 1. USE OF TERMS; RECITALS**

1.1 Capitalized terms used herein (including the recitals above) shall have the same meaning ascribed thereto in the Security Agreement as supplemented hereby unless otherwise specified herein.

1.2 The parties hereto acknowledge that the recitals set forth above are true and correct and are incorporated herein by reference.

**SECTION 2. AMENDMENTS TO THE SECURITY AGREEMENT**

2.1 The following definition as set forth in the Security Agreement is amended and restated in its entirety to read as follows:

"Equipment" means all "equipment" as such term is defined in Article 9 of the Applicable UCC. Equipment shall specifically include within the meaning thereof all motor vehicles, tractors, trailers, railcars or other rolling stock covered by a federal or state motor vehicle title or other title document, including, without limitation, all railcars listed and described on Exhibit "A" attached hereto and in Exhibit "A" to the First Amendment to Security Agreement.

2.2 This First Amendment to Security Agreement shall be deemed to be a supplement to the Security Agreement and shall not be construed in any way as a replacement therefor. All of the terms and provisions of this First Amendment to Security Agreement are hereby incorporated by reference into the Security Agreement as if such terms and provisions were set forth in full therein.

### **SECTION 3. DEBTOR REAFFIRMATIONS**

3.1 The Debtors hereby acknowledge, confirm and agree that all of the terms, provisions, obligations, guarantees and agreements of the Debtors under the Security Agreement remain in full force and effect in all respects, and the Debtors agree that they continue to be bound by the terms and conditions thereof as supplemented by this First Amendment to Security Agreement. The Debtors hereby reaffirm their obligations and liabilities under the Security Agreement and that the Collateral continues to secure the Secured Obligations, which include all Secured Obligations existing both before and after giving effect to the Third Amendment to Credit Agreement, all without offset, defense or counterclaim. The Debtors further confirm that as to the date hereof they have no defense, set-off, recoupment or counterclaim against their obligations under the Security Agreement, and their obligations thereunder are absolute and unconditional.

3.2 The Debtors further acknowledge, confirm and agree that as used in the Security Agreement, the term "Notes" includes within the meaning thereof, and encompasses, the Term Loan No. 3 Note (as defined in the Credit Agreement), as the same may be amended, modified and supplemented from time to time hereafter. The Debtors further acknowledge, confirm and agree that as used in the Security Agreement, the term "Secured Obligations" includes within the meaning thereof, and encompasses, all of the obligations, liabilities and indebtedness of the Debtors under the Term Loan No. 3 Note and the Credit Agreement as amended by the Third Amendment to Credit Agreement.

3.3 The Debtors hereby ratify, confirm, reaffirm and restate the grant and conveyance of all liens and security interests granted by the Debtors to the Secured Party in the Collateral pursuant to the Security Agreement, and such liens and security interests continue to secure the Secured Obligations, including, without limitation, Term Loan No. 3 (as defined in the Credit Agreement).

### **SECTION 4. CONTINUED EFFECTIVENESS OF THE SECURITY AGREEMENT**

4.1 The Security Agreement is, and shall continue to be, in full force and effect both before and after giving effect to the Third Amendment to Credit Agreement, and is hereby ratified and confirmed in all respects except that on and after the date hereof (i) all references in the Security Agreement to "this Agreement", "hereof", "hereto", or words of like import referring to the Security Agreement shall be references to the Security Agreement as supplemented by this First Amendment to Security Agreement, and (iii) all references in the Security Agreement to "the Credit Agreement" shall be references to the Credit Agreement as amended by the Third Amendment to Credit Agreement.

4.2 The Security Agreement and this First Amendment to Security Agreement shall be construed as complementing each other and not restricting the rights of the Secured Party, and the Security Agreement remains in full force and effect as specifically supplemented by this First Amendment to Security Agreement. This First Amendment to Security Agreement is not intended to be a

novation, release or accord and satisfaction of the Security Agreement or any of the liabilities and obligations of the Debtors thereunder.

## **SECTION 5. DEBTOR REPRESENTATIONS**

The Debtors represent and warrant to the Secured Party that this First Amendment to Security Agreement has been duly authorized, executed and delivered by the Debtors and constitutes the legal, valid and binding obligation of the Debtors enforceable in accordance with its terms.

## **SECTION 6. MISCELLANEOUS**

6.1 This First Amendment to Security Agreement, any claim arising from or relating to this First Amendment to Security Agreement, or any statement, course of conduct, act, omission, or event occurring in connection herewith (whether for breach of contract, tort or any other theory of liability) shall be governed by and construed and enforced in accordance with the laws of the Commonwealth of Pennsylvania, without giving effect to its choice of law principles.

6.2 All notices, communications, agreements, certificates, documents or other instruments executed and delivered after the execution and delivery of this First Amendment to Security Agreement may refer to the Security Agreement without making specific reference to this First Amendment to Security Agreement, but nevertheless all such references shall include this First Amendment to Security Agreement unless the context requires otherwise.

6.3 This First Amendment to Security Agreement shall inure to the benefit of, and shall be binding upon, the respective successors and assigns of the Debtors and the Secured Party. The Debtors may not assign any of its rights or obligations hereunder without the prior written consent of the Secured Party.

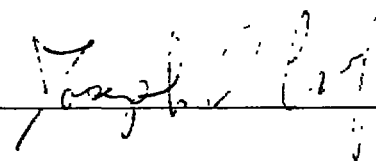
6.4 This First Amendment to Security Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute but one and the same instrument. Delivery by telecopier of an executed counterpart of a signature page to this First Amendment to Security Agreement or any notice, communication, agreement, certificate, document or other instrument in connection with the Security Agreement shall be effective as delivery of an executed original counterpart thereof.

6.5 The Debtors acknowledges that this First Amendment to Security Agreement is being delivered to the Secured Party as an inducement for the Secured Party to enter into the Third Amendment to Credit Agreement, and the Secured Party may rely upon this First Amendment to Security Agreement.

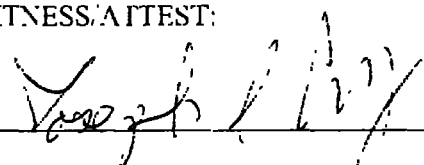
**\*\*\*\*\*SIGNATURES APPEAR ON THE FOLLOWING PAGE\*\*\*\*\***

IN WITNESS WHEREOF, the parties hereto have executed and delivered this First Amendment to Security Agreement the day and year first above written.

WITNESS ATTEST:

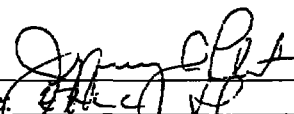
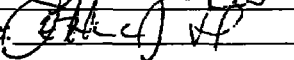
  
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WITNESS ATTEST:

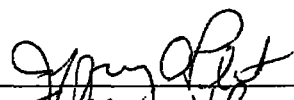
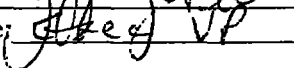
  
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**DEBTORS:**

**KASGRO RAIL CORP.**

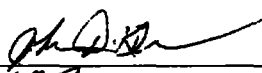
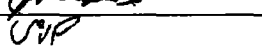
By:   
Title: 

**KASGRO LEASING LLC**

By:   
Title: 

**SECURED PARTY:**

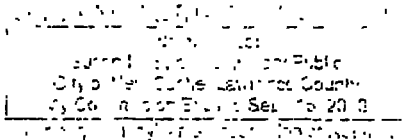
**FIRST NATIONAL BANK OF  
PENNSYLVANIA**

By:   
Title: 

STATE OF Pennsylvania )  
 ) ss:  
COUNTY OF Lawrence )

BEFORE ME, the undersigned authority, a Notary Public in and for said County and State, personally appeared Jeffrey A. Plot who acknowledged himself to be the EXE. VICE PRESIDENT of KASGRO RAIL CORP., a Pennsylvania corporation, and as such EXE VICE PRESIDENT, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of such corporation as such EXE VICE PRESIDENT.

IN WITNESS WHEREOF, I hereunto set my hand and official seal this 19th day of December, 2011.

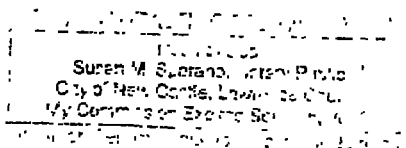


Susan M. Surando  
Notary Public

STATE OF Pennsylvania )  
 ) ss:  
COUNTY OF Lawrence )

BEFORE ME, the undersigned authority, a Notary Public in and for said County and State, personally appeared Jeffrey A. Plot who acknowledged himself to be the EXE VICE PRESIDENT of KASGRO LEASING, LLC, a Pennsylvania limited liability company, and as such EXE. VICE PRES., being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of such limited liability company as such EXE VICE PRESIDENT.

IN WITNESS WHEREOF, I hereunto set my hand and official seal this 19th day of December, 2011.



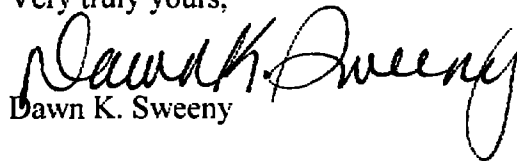
Susan M. Surando  
Notary Public

April 19, 2012

Surface Transportation Board:

I, the undersigned, as filer of the First Amendment to Security Agreement made effective as of December 19, 2011, by and among KASGRO RAIL CORP. AND KASGRO LEASING LLC and FIRST NATIONAL BANK OF PENNSYLVANIA, hereby certify that I have compared the copy with the original agreement and have found the attached to be a complete and identical copy with all respects to the original document. I declare under penalty of perjury that the foregoing is true and correct.

Very truly yours,

  
Dawn K. Sweeny



# EXHIBIT "A"

Car Number	Description	Type	Build Date	Useful Life	Light Weight (lbs)	Scrap Value	
						\$340	Gross Ton
370366	48' 370 T 12 Axle Flat Car	Heavy Duty	09/01/01	50 Years	201,000		30,509
370370	48' 370 T 12 Axle Flat Car	Heavy Duty	06/01/01	50 Years	201,000		30,509
701228	70' 112 T 4 Axle Flat Car	Heavy Duty	08/01/01	50 Years	62,000		9,411
701226	70' 112 T 4 Axle Flat Car	Heavy Duty	08/01/01	50 Years	62,000		9,411
701227	70' 112 T 4 Axle Flat Car	Heavy Duty	08/01/01	50 Years	62,000		9,411
127003	70' 235 Ton 12 Axle Flat	Heavy Duty	09/01/01	50 Years	190,000		28,839
127004	70' 235 Ton 12 Axle Flat	Heavy Duty	09/01/01	50 Years	190,000		28,839
127005	70' 235 Ton 12 Axle Flat	Heavy Duty	09/01/01	50 Years	190,000		28,839
25201	25' 210 Ton 8 Axle FD Flat Car	Heavy Duty	11/1/2000	50 Years	148,000		22,464
25979	25' 122 Ton 4 Axle FD Flat Car	Heavy Duty	10/1/1999	50 Years	71,000		10,777
25980	25' 122 Ton 4 Axle FD Flat Car	Heavy Duty	10/1/1999	50 Years	71,000		10,777
25981	25' 122 Ton 4 Axle FD Flat Car	Heavy Duty	10/1/1999	50 Years	71,000		10,777
25982	25' 122 Ton 4 Axle FD Flat Car	Heavy Duty	10/1/1999	50 Years	71,000		10,777
25983	25' 122 Ton 4 Axle FD Flat Car	Heavy Duty	10/1/1999	50 Years	71,000		10,777
25984	25' 122 Ton 4 Axle FD Flat Car	Heavy Duty	10/1/1999	50 Years	71,000		10,777
27104	27' 235 Ton 8 Axle FD Flat Car	Heavy Duty	10/1/2000	50 Years	166,000		25,196
89117	88' 115 Ton 4 Axle Flat Car	Heavy Duty	2/1/2001	50 Years	89,500		13,585
89118	88' 115 Ton 4 Axle Flat Car	Heavy Duty	2/1/2001	50 Years	89,500		13,585
							315,259

# EXHIBIT "A"

CAR #	AXLES	Blt Date	Useful Life	LD.DECK LENGTH	LD.DECK HEIGHT	Est of Scrap Value
NS185530	FD 8 AXLE	1984	50 Years	25'	2'7"	Depressed Center 22,500
NS185531	FD 8 AXLE	1984	50 Years	25'	2'7"	Depressed Center 22,500
NS185550	FD 8 AXLE	1982	50 Years	25'	2'0"	Depressed Center 22,500
NS185552	FD 8 AXLE	1982	50 Years	25'	2'0"	Depressed Center 22,500
NS185553	FD 8 AXLE	1980	50 Years	25'	2'0"	Depressed Center 22,500
NS185555	FD 8 AXLE	1980	50 Years	25'	2'0"	Depressed Center 22,500
NW70111	FD 8 AXLE	1982	50 Years	25'	2'0"	Depressed Center 22,500
NS185300	FD 8 AXLE	1995	50 Years	27'	2'4"	Depressed Center 22,500
NS185301	FD 8 AXLE	1995	50 Years	27'	2'4"	Depressed Center 22,500
NS185500	FD 8 AXLE	1976	50 Years	30'	2'1"	Depressed Center 22,500
NS185522	FD 8 AXLE	1977	50 Years	32'	2'8"	Depressed Center 22,500
NS185523	FD 8 AXLE	1977	50 Years	32'	2'8"	Depressed Center 22,500
NW70103	FD 8 AXLE	1988	50 Years	32'	2'8"	Depressed Center 22,500
NS185554	FD 8 AXLE	1980	50 Years	25'	2'0"	Depressed Center 22,500
NS185220	FD 4 AXLE	1982	50 Years	22'	1'11"	Depressed Center 11,000
NS185221	FD 4 AXLE	1982	50 Years	22'	1'11"	Depressed Center 11,000
NS185501	FD 8 AXIF	1968	50 Years	25'	2'4"	Depressed Center 22,500
Totals						359,500

# EXHIBIT "A"

KRL Number	Build Date	Useful Life	Type	Description	Light Weight (lbs)	Load Limit (lbs)	Scrap Value	
							S	340
							Gross	Ton
88000	September-01	50 Years	Heavy Duty	88 foot, 115 Ton, 4 Axle Flat Car w/ High Deck	85,500	315,000	13,584.82	
88001	September-01	50 Years	Heavy Duty	88 foot, 115 Ton, 4 Axle Flat Car w/ High Deck	85,500	315,000	13,584.82	
50800	April-02	50 Years	Heavy Duty	50 foot, 250 Ton, 8 - Axle Flat Car	140,000	490,000	21,250.00	
50801	April-02	50 Years	Heavy Duty	50 foot, 250 Ton, 8 - Axle Flat Car	140,000	490,000	21,250.00	
50802	April-02	50 Years	Heavy Duty	50 foot, 250 Ton, 8 - Axle Flat Car	140,000	490,000	21,250.00	
50803	April-02	50 Years	Heavy Duty	50 foot, 250 Ton, 8 - Axle Flat Car	140,000	490,000	21,250.00	
370354	October-01	50 Years	Heavy Duty	48 foot, 370 Ton, 12 - Axle Flat Car	201,000	744,000	30,508.93	
							<u>142,678.57</u>	